

Learn from Google, Airbus chief warns aerospace industry

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Airbus Group CEO Tom Enders at the Freedom and Solidarity Forum in Caen on June 5, 2014

The aerospace industry must embrace competition from technology companies such as Google and SpaceX which are already having a revolutionary impact on the sector, the head of the Airbus Group told AFP in an interview.

Describing the scale and speed of innovation in Silicon Valley as both "frightening and fascinating," Tom Enders said the increasing digitalisation of the economy was having a profound impact on his company's business.

"I think that in the future our [industry](#) will have to work much more closely with these new high-tech companies ... if only because these guys are increasingly intruding on our territory," said Enders, 55, who is half-way through a four-year mandate as CEO of the European aerospace giant.

Enders cited SpaceX, the space transport company founded by former PayPal entrepreneur Elon Musk, whose Falcon launch vehicles are taking on the market-leading Airbus-built Ariane in the commercial satellite launch market.

SpaceX has also mounted a legal challenge to the monopoly held by Boeing and Lockheed Martin for the launch of US government satellites.

Google in April acquired the drone start-up Titan Aerospace which aims to compete with Airbus in making high-altitude unmanned planes that are meant to take on tasks traditionally done by more expensive satellites.

"Aerospace is still a rather young industry but these people are even younger," he said. "And I think there is no debate as to which of us is the more vibrant industry. They are."

"The speed of decision and risk taking and all that is amazing," said Enders, speaking while in Normandy for events to mark the 70th anniversary of the D-Day landings.



SpaceX's new seven-seat Dragon V2 spacecraft is unveiled at a press conference in Hawthorne, California on May 29, 2014

'Bright young Frenchmen

A paratroop officer in the German army reserves who is a 25-year veteran of the European defence and [aerospace industry](#), Enders also complained the European Union was stifling innovation and warned it must cut red tape.

"It should make us think as we look at the software industry, when you look at the IT industry at the Microsofts, Amazons, Facebooks, SpaceXs, Yahoos. It is all coming from the US."

Enders said many successful entrepreneurs in the United States were "bright young Frenchmen and bright young Germans" who had been forced to leave Europe to seek venture capital and a dynamic

entrepreneurial environment.

Enders was appointed CEO of European aerospace giant EADS in June 2012 and immediately attempted a merger with Britain's BAE systems, a deal that would have seen the group replace Boeing as the world's biggest aerospace and defence company.

After the deal was blocked by Germany, Enders initiated an overhaul of the group's structure which reduced political influence.

He rebranded EADS into Airbus Group, reorganising the company into three divisions by merging the defence and space businesses. He has since led a push to expand the group's business outside of its home base in Europe, notably in Asia, the United States and the Middle East.

Airbus decided in 2005 to set up a joint venture in China to assemble the medium-range A320 passenger jet and the company plans to open an assembly line in 2015 in the southern US state of Alabama.

Enders said Airbus considered the project in the Chinese city of Tianjin a success and that it was vital the company developed a local identity as it expanded into foreign markets.



SpaceX CEO Elon Musk unveils SpaceX's new seven-seat Dragon V2 spacecraft, in Hawthorne, California on May 29, 2014

He said Airbus had allayed reservations from Chinese airlines about taking a China-made plane.

"We have demonstrated that they are just as good, some people say even better, as those assembled in Europe."

The Airbus Group would continue to embed itself abroad through new assembly lines, engineering centres and supply partnerships. "We clearly have beachheads that I hope we will be able to expand."

Enders said it was inevitable that the proportion of the Airbus workforce employed in Europe - currently 90 percent of the company's 144,000 staff—would fall as the international expansion gathered pace.

But he added: "If that one day would be 80 percent or 70 percent, we would still be a European company."

Airbus turnover rose by five percent in 2013 to 59.3 billion euros (\$80.9 billion). That compared to a rise of 6.0 percent to 63.5 billion euros for rival Boeing.

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